



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: Nov. 8, 2006

REPORT NO. 06-133 REV
(Report & Attachments Revised)

ATTENTION: Council President and City Council
Agenda of Nov. 14, 2006

SUBJECT: Torrey Highlands Public Facilities Financing Plan, Fiscal Year 2007

REQUESTED ACTION:

Should the Council: 1) Approve the Torrey Highlands Public Facilities Financing Plan (PFFP) for Fiscal Year 2007; 2) Adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in Torrey Highlands (Subarea IV); 3) Adopt a Resolution of Designation; 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Torrey Highlands for those developments which have never been assessed or otherwise agreed to pay an FBA; and 5) Authorize the City Auditor and Comptroller, upon the direction of the Financial Management Director, to modify individual Capital Improvement Program project budgets in accordance with the Council-approved update to the Torrey Highlands Public Facilities Financing Plan and Facilities Benefit Assessment, Fiscal Year 2007?

STAFF RECOMMENDATION:

Approve the Torrey Highlands Public Facilities Financing Plan, Fiscal Year 2007; rescind the existing Facilities Benefit Assessments and Development Impact Fees and establish new Facilities Benefit Assessment and Development Impact Fees for Torrey Highlands.

SUMMARY:

Council Policy 600-36 calls for an annual review of all existing Facilities Benefit Assessments. This is the annual review and will serve as the basis for the Capital Improvement Program as it pertains to programming FBA funds in Torrey Highlands (Subarea IV) over the next five year period. The most recent review of the Torrey Highlands Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on June 15, 2004, by Resolution R-299346. This Public Facilities Financing Plan and Facilities Benefit Assessment are a revision and update to the Fiscal Year 2004 plan.

The proposed Torrey Highlands Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of Torrey Highlands. Torrey Highlands is an

area in the later stages of development where significant infrastructure construction has occurred. Facilities needs have been determined based on what will be required by the projected population of Torrey Highlands at full community development. The required facilities include a library, two fire stations, a community park (located in Black Mountain Ranch), two neighborhood parks, numerous trails, a wildlife rescue center, and major transportation facilities. Many of the facilities listed are located in, and shared with, neighboring community planning areas as identified in the respective project descriptions. Cost allocations have been made based on planned development limits.

The Torrey Highlands Transportation Phasing Plan (TPP) limits development in the planning area until certain improvements are assured. A traffic study was conducted by Katz, Okitsu & Associate to evaluate the proposed update to the Torrey Highlands TPP. The traffic analysis shows that in the near future most roadway segments, intersections and freeway segments in the North City Future Urbanizing Area would operate at an acceptable level of service. The proposed update to the Torrey Highlands TPP would allow private development projects to be integrated with the required roadway improvements such as the extension of Camino Del Sur from Park Village Road to SR-56. The proposed update to the Torrey Highlands TPP would also reduce the impact of regional transportation facilities, such as SR-56/I-5 Northbound Connectors, on the private development project schedules. The proposed update to the Torrey Highlands TPP is included as an appendix to the PFFP.

The revised Financing Plan for development in Torrey Highlands identifies total remaining project needs estimated at \$288,041,440. The funding sources for these projects are broken down as follows:

AMOUNT	FUNDING SOURCE	PERCENTAGE of TOTAL
\$129,468,912	Assessments (FBA)	44.95%
\$6,365,051	Subdivider	2.21%
\$152,207,477	Other	52.84%

The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when needed. The Proposed Public Facilities Financing Plan and Facilities Benefit Assessment identify significant cost increases to the remaining projects to be funded by the FBA. In addition to these cost increases, the planned non-residential acreage has decreased in Torrey Highlands by 3.65 acres. This reduction in non-residential acreage along with cost increases that are a result of unprecedented rises in the cost of construction and materials, necessitate a revision in the rate of the assessment resulting in an increase of 32%.

The proposed assessments for Fiscal Year 2007 are as follows:

LAND USE	CURRENT ASSESSMENT	PROPOSED ASSESSMENT per UNIT/ACRE in FY 2007
SINGLE FAMILY UNIT	\$64,995	\$85,793
MULTI-FAMILY UNIT	\$45,498	\$60,057
LOCAL MIXED USE ACRE	\$524,508	\$692,350
COMMERCIAL ACRE	\$391,919	\$517,332
LIMITED COMMERCIAL ACRE	\$116,341	\$153,569
EMPLOYMENT CENTER ACRE	\$349,587	\$461,454
INSTITUTIONAL ACRE	\$97,492	\$128,690

Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all properties in Torrey Highlands that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2007 Assessments also be adopted as Development Impact Fees for Torrey Highlands (see Attachment 2). The Facilities Benefit Assessment will be collected at the building permit issuance stage of development and deposited into a special, interest earning account for Torrey Highlands. Annually, the Council receives a status report on the program and authorizes the appropriation of funds for construction of facilities which are programmed for the next fiscal year in the Capital Improvements Program budget.

The proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public hearing, mailed notice will be given to all affected property owners, within the proposed area of designation, of the date of the hearing and their right to file a protest with the City Clerk prior to the start of the hearing. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the area of benefit shall cause the proceedings to be abandoned. A letter advising of the Council meeting will be mailed to all property owners as shown on the last assessment roll, or otherwise known to staff.

FISCAL CONSIDERATION:

Adoption of this revised Public Facilities Financing Plan will continue to provide a funding source for the public facilities identified in Torrey Highlands.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

On September 27, 2006 the Land Use and Housing Committee voted 4-0 to support the update of the draft FY 2007 Torrey Highlands Public Facilities Financing Plan and Facilities Benefit

Assessment with errata. The draft Plan, dated October 10, 2006 incorporates project changes which further define assurances required by the Transportation Phasing Plan and provides additional financing of desired community facilities.

The Plan was docketed to be heard by Council on October 10, 2006 but was returned to the Mayor to be revised and re-docketed on October 24, 2006. The item is required to be re-noticed due to a change in the required assessments.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On September 12, 2006 the Carmel Valley Community Planning Board considered the Torrey Highlands Public Facilities Financing Plan for Fiscal Year 2007 and the proposed Transportation Phasing Plan. The Board expressed its support for the project with a vote of 10-0, with one recused.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

All property owners with remaining new development are listed on the Torrey Highlands Public Facilities Financing Plan, Fiscal Year 2007 Assessment Roll, starting on page 145 and will have received notice and a copy of this document in the mail. These property owners will have liens placed on their property and will be required to pay Facility Benefit Assessments upon any building permit issuance when developing their property. Any redevelopment, which increases the intensity of existing uses, may be subject to an impact fee per Attachment 2.

Respectfully submitted,

William Anderson, FAICP
City Planning & Community
Investment Director

James T. Waring
Deputy Chief of Land Use and
Economic Development

WARING/ANDERSON/FVJ

Attachments: 1. Torrey Highlands Public Facilities Financing Plan, Fiscal Year 2007
 2. Development Impact Fee Analysis

Note: Due to the size of the attachment, only a limited distribution was made. These attachments are available on the City's website and a copy is available in the Office of the City Clerk.

**TORREY HIGHLANDS PUBLIC FACILITIES FINANCING PLAN
(Development Impact Fee Analysis)**

- 1) What is the purpose of the Impact Fee? – The proposed Impact Fees are to ensure that redevelopment provides its fair share funding for community public facilities.
- 2) What is the use to which the fee is to be applied? – The Impact Fees will be used to finance transportation, park, fire, library, water and sewer facilities. A list of the public facilities projects begins on page 29 of the Torrey Highlands Public Facilities Financing Plan.
- 3) What is the reasonable relationship between the fee's use and the type of development project on which the fee is imposed? – The Impact Fees will be used to provide for a fair share contribution for community infrastructure projects needed to serve both residential and non-residential development based on the increased intensity of their development. Credit will be given for any existing development.
- 4) What is the reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed?
 - Transportation Projects: Both residential development and non-residential development utilize the communities' transportation system which requires various street projects, traffic signal interconnect systems, and medians.
 - Park and Recreation Projects: Residential development utilizes the communities' parks and improvements are necessary based on the population at full community development and the General Plan guidelines to maintain the existing levels of service.
 - Fire Project: Both residential and non-residential development utilizes fire department services and a new station is necessary based on the population at full community development to maintain the existing levels of service.
 - Water and Sewer Lines: Both residential and non-residential development utilizes water and sewer lines and new or expanded lines are necessary based on the population at full community development to maintain the existing levels of service.
 - Library Project: Residential development utilizes the community libraries and expansions are necessary based on the population at full community development and the General Plan guidelines to maintain the existing levels of service.